Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
1997 Annual Access Tariff Filings	)	CC Docket No. 97-149
	)	
	)	

DIRECT CASE OF ALIANT COMMUNICATIONS CO.

Aliant Communications Co. ("Aliant"), by its attorneys, hereby submits its direct case in response to the Federal Communications Commission's ("FCC" or "Commission") recent order in the above-referenced proceeding.[1] In that Order, the Commission designated for investigation a number of issues related to LEC annual access tariff filings. Although the Order addresses a broad range of issues, Aliant responds herein only to those paragraphs that are applicable to Aliant.

A. Common Line Issues

Actual BFP Revenue Requirements

Aliant has calculated its actual BFP revenue requirement for the 1991-1996 calendar years. These revenue requirements are calculated per instructions in Appendix B of the Order. The ARMIS data, calculations, and resultant revenue requirements can be found in Exhibit ACT-CAL.

To provide actual BFP revenue requirements for tariff years 1991/1992 through 1996/1997, Aliant split the actual calendar year BFP revenue requirement, calculated as instructed in the Order, by using ratios developed from Aliant's actual quarterly cost study BFP revenue requirements.

1 *In the Matter of 1997 Annual Access Tariff Filings*, CC Docket No. 97-149, *Order Designating Issues for Investigation Memorandum Opinion and Order on Reconsideration,* DA 97-1609 (July 28, 1997) ("Order").

Aliant calculated the BFP revenue requirement at a 11.25% rate of return in each of its actual quarterly studies. These revenue requirements were then used to split the appropriate calendar year BFP revenue requirements taken from Exhibit ACT-CAL. The resultant actual tariff year BFP revenue requirements and the calculations used to develop them are shown in Exhibit ACT-TY.

Projected BFP Revenue Requirements

Aliant has provided the projected BFP revenue requirements for the tariff years 1991/1992 through 1997/1998. These are the same BFP revenue requirements as provided in Aliant's tariff filings. The BFP revenue requirements are shown on the following corresponding exhibits:

Tariff Year	Exhibit
1991/1992	PROJ-RR
1992/1993	PROJ-RR
1993/1994	PROJ-93/94
1994/1995	PROJ-94/95
1995/1996	PROJ-95/96
1996/1997	PROJ-96/97
1997/1998	PROJ-97/98

Comparison of Actual and Projected BFP Revenue Requirements

Aliant has provided a comparison of its actual and projected BFP revenue requirements as requested by the Commission. This information is shown on Exhibit RRQ-COMP. As the growth rates exhibited show, Aliant fails the Commission's 10 percent test for significant differences each year. Aliant's use of a 2 point linear projection will fail the type of test the Commission is using.

Though Aliant fails the Commission's ten percent test each year, Aliant does not feel it necessarily indicates significant differences. As indicated on the exhibit, Aliant's growth rate for the 1992/1993 tariff year is actually -0.7% and projected was -0.9%, for a dollar difference of $15,000. Aliant does not consider this to be a significant difference.

Impacts of Rule Changes

As requested, Aliant has provided adjusted BFP revenue requirements for the calendar years 1991 through 1996. These revenue requirements were adjusted to show the impact of rules in effect December 31, 1996, had they been in effect starting January 1, 1991. Aliant adjusted its revenue requirements for: 1) a 25% interstate Subscriber Plant Factor (SPF), effective January 1, 1993; 2) the change in Dial Equipment Minutes of use (DEM), effective January 1, 1993; 3) the reallocation of General Support Facilities (GSF), effective July 1, 1993; and 4) the treatment of Account 4310, beginning January 1, 1993 and ending December 31, 1995.

Aliant did not adjust its revenue requirements for Other Billing and Collection (OB&C) expenses. Aliant has always used a 5% common line allocation for OB&C; therefore, no adjustment was necessary. Aliant's OB&C 5% common line allocation can be verified by reference to Aliant's FCC Report 43-04, the ARMIS Annual Access Report.

Aliant determined the necessary SPF adjustments by applying a 25% interstate SPF allocation in its actual 1991 and 1992 quarterly cost studies. The actual BFP revenue requirement was then subtracted from the BFP revenue requirement taken from the adjusted quarterly studies. The resultant impact of SPF is shown in Exhibit RRQ-EFF.

Aliant determined the necessary DEM adjustments by applying the January 1, 1996 rules to the DEM factor in its actual 1991 and 1992 quarterly cost studies. The actual BFP revenue requirement was then subtracted from the BFP revenue requirement taken from the adjusted quarterly studies. The resultant impact of DEM is shown in Exhibit RRQ-EFF.

Aliant determined the necessary GSF adjustments by applying the GSF allocation rules in effect January 1, 1996 to its actual 1991, 1992, and 1993 quarterly cost studies. The actual BFP revenue requirement was then subtracted from the BFP revenue requirement taken from the adjusted quarterly studies. The resultant impact of GSF is shown in Exhibit RRQ-EFF.

Aliant determined the necessary Account 4310 adjustments by removing this account from those studies which had included it in the determination of its rate base. These studies were Aliant's 1993, 1994, and 1995 quarterly cost studies. The actual BFP revenue requirement was then subtracted from the BFP revenue requirement taken from the adjusted quarterly studies. The resultant impact of Account 4310 is shown in Exhibit RRQ-EFF.

To determine the necessary impact of SERIES I adjustments, as requested in paragraph 22 of the Order, Aliant applied the SPF, DEM, and GSF changes to its actual quarterly cost studies. The actual BFP revenue requirement was then subtracted form the BFP revenue requirement taken from the adjusted quarterly studies. The resultant impact of SERIES I adjustments are shown on Exhibit RRQ-EFF. Aliant notes that the individual impact figures shown on Exhibit RRQ-EFF will not add up to the figures shown for the SERIES I and SERIES 2 adjustments impacts. This is due to overlaying effects of multiple rule changes when applied in one single application.

To determine the necessary impact of SERIES 2 adjustments, Aliant applied the SPF, DEM, GSF, and Account 4310 changes to its actual quarterly cost studies. The actual BFP revenue requirement was then subtracted from the BFP revenue requirement taken from the adjusted quarterly studies. The resultant impact of SERIES 2 adjustments is shown in Exhibit RRQ-EFF.

Adjusted BFP Revenue Requirement

Aliant has provided Exhibit RRQ-ADJ. This exhibit shows the impact of SERIES 1 and 2 being added to the actual BFP revenue requirement as calculated per Commission instructions in

Appendix B of the Order. Also shown is the relative year-to-year changes in each series of actual BFP revenue requirements.

Methodology of Projecting BFP Revenue Requirements

Aliant has used the same method of projecting BFP revenue requirement since its initial price cap filing in 1993, with small modifications in the 1993 and 1994 filings due to rule changes which will be discussed in later paragraphs. To project its BFP revenue requirement, Aliant computes the interstate BFP revenue requirement (at 11.25% rate of return) growth rate between the base period and the previous base period. This growth rate is applied to the base period interstate BFP revenue requirement (at 11.25% rate of return) and then factored to include the six month lag between annual and tariff year timelines.

The 1993 and 1994 tariff filings were modified to include the effect of the phase-in of a 25% SPF allocator. Since either, or both, base period and previous base period interstate BFP revenue requirements were based on SPF allocators greater than 25%, Aliant adjusted its calculation to remove the effect of SPF allocators greater than 25%. To do this, Aliant factored the appropriate base period interstate BFP revenue requirement to arrive at an unseparated BFP revenue requirement. The growth rate of the corresponding unseparated BFP revenue requirements was then computed and applied to the base period revenue requirement. This projected unseparated BFP revenue requirement was then multiplied by 25% to represent the SPF factor in the projected tariff year.

The methodology and calculations used in projecting BFP revenue requirement in each price cap filing can be found on the following exhibits:

Tariff Year	Exhibit
1993/1994	PROJ-93/94
1994/1995	PROJ-94/95
1995/1996	PROJ-95/96
1996/1997	PROJ-96/97
1997/1998	PROJ-97/98

OB&C Order

On February 3, 1997, the Commission released its order in CC Docket No. 80-286.[2] This order stipulated that local exchange carriers who perform end-user billing for interexchange carriers were to change the allocation of Other Billing & Collection (OB&C) expenses. Prior to this order, local exchange carriers allocated this expense between the jurisdictions based on an analysis of user and message counts. This order changed the allocation method to a direct allocation of one-third to interstate and two-thirds to the state jurisdiction for carriers that perform end-user billing for interexchange carriers.

Aliant calculated an exogenous change to reflect this Commission mandated separations rule change. Aliant calculated this change by applying the new OB&C allocation to its base period cost studies. The actual base period cost studies were then subtracted form the modified base period cost studies to determined the OB&C exogenous cost used in Aliant's filing on April 2, 1997.

Allocation of Other Billing & Collection Expense

	Interstate	State
Actual Base Cost Studies	12.33%	87.67%
Modified Base Cost Studies	33.33%	66.67%

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2 *Amendment of Part 36 of the Commission's Rules and Establishment of a Joint Board,* CC Docket No. 80-286, *Report and Order*, FCC 97-30.

The resultant change in BFP revenue requirement and, thus, Aliant's OB&C exogenous cost in its tariff filing was $122,503.

Payphone Reconsideration Order

In its December 6, 1996 Payphone Tariff Filing, Aliant calculated the exogenous cost change for pay telephones by dividing the 1995 pay telephone revenue requirement by the sum of the 1995 total common line revenue requirement and LTS requirement. This exogenous factor was then multiplied by the negative of the common line R value to arrive at the exogenous cost change. The calculations and impact of this exogenous change can be found in Exhibit EXG-PAY.

Methodology of Projecting Billable Access Lines

Aliant has provided its actual average number of total billable access lines, multi-line business, residence and single-line business line and its projections of total lines for the past 6 tariff years from 1991/1992 to 1996/1997. Aliant has also provided a comparison of its actual and projected lines, as requested by the Commission. Using the Commission's methodology to determine whether the difference between actual and projected access lines are significant, Aliant's projection of total lines from 1993 to 1996 are determined to be significantly different from actual lines. See Exhibit AVR-ACT.

Aliant projected access lines by computing the growth rate of its average access lines between the base period and previous base period in each price cap tariff filing. This growth rate was then applied to the average base period lines and factored for the six month lag between annual and tariff year time periods. The methodology and calculations used in projecting billable access lines for each price cap filing can be found in the following exhibits:

Tariff Year	Exhibit
1993/1994	PROJ-93/94
1994/1995	PROJ-94/95
1995/1996	PROJ-95/96
1996/1997	PROJ-96/97
1997/1998	PROJ-97/98

Aliant's actual access line count is growing faster than its 2 point linear projection predicted and therefore, the projections are different than actual. This difference is evidence of a change in the underlying trend of end-user demand. Aliant did not project lines for each individual class of lines.

End-User Demand Trend Analysis

Aliant provides a trend analysis using the actual number of lines for calendar year data from 1991-1996, as reported in ARMIS. This analysis can be found on Exhibit ACT-PROJ. Aliant calculated a trended percentage change and a projected percentage change. Then, using the Commission's methodology to determine whether the difference between actual and projected lines are significant, Aliant determines that its projection of 1997-1998 lines are significantly different from the trend analysis projection. See Exhibit ACT-COMP.

Aliant used a 2 point linear projection methodology. This differs from the Commission's trend analysis which used data from 1991-1996 and therefore, the projections are different for 1997-1998.

Aliant then constructed, using the t distribution, a ninety-five (95) percent confidence interval centered around the value predicted by the historical trend analyses of end-user demand required by the Commission for the 1997-1998 tariff year. Aliant's 1997-1998 tariff year projected growth rate falls within this confidence interval. Subsequently, Aliant would argue that, although

Aliant's projection does not pass the plus or minus ten percent test required by the Commission, Aliant's projection is statistically valid.

Aliant also provides a trend analysis using the natural logarithm of lines for calendar year data from 1991-1996. This analysis can be found on Exhibit NL-PROJ. Aliant calculated a trended change and the projected change. Then, using the Commission's methodology to determine whether the difference between actual and projected lines are significant, Aliant determines that its projection of 1997-1998 lines are significantly different from the trend analysis projection. See Exhibit NL-COMP.

Aliant used a 2 point linear projection methodology which differs from the Commission's trend analysis which used data from 1991-1996 and therefore, the projections are different for 1997-1998.

Similarly, Aliant constructed, using the t distribution, a ninety-five (95) percent confidence interval centered around the projected growth rate from the historical trend analyses using the natural log of end-user demand required by the Commission for the 1997-1998 tariff year. Aliant's 1997-1998 tariff year projected growth rate, using the natural log, falls within the confidence interval. Subsequently, Aliant would again argue that, although Aliant's projection does not pass the plus or minus ten percent test required by the Commission, Aliant's projection is statistically valid.

Payphone Line Projections for 1997/1998 Tariff Year

Aliant does not forecast billable access lines by class of line. No special analyses of payphone lines were used in Aliant's projection of access lines for its 1997/1998 tariff.

Change in Semi-Public Payphone EUCL

Aliant has 299 semi-public payphone lines which changed from being charged single-line business EUCL charges to multi-line business EUCL charges.

ISDN Line Projections

Aliant does not forecast billable access lines by class of line. No special provision for ISDN lines was made in Aliant's projection of 1997/1998 access lines.

Per-Line BFP Revenue Requirement

Aliant has calculated the actual per-line BFP revenue requirement and the projected per-line BFP revenue requirement as instructed in the Order. This information can be found in Exhibit BFP-LINE.

B. <u>Equal Access Exogenous Cost Changes</u>

Initial Local Switching Revenue

Aliant's local switching revenue in its initial price cap filing was $8,000,129.

C. <u>Conclusion</u>

Aliant Communications Co. respectfully requests that the Commission accept the direct case stated above.

Respectfully submitted,

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ALIANT COMMUNICATIONS CO.
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ACTUAL CALENDAR YEAR BFP REVENUE REQUIREMENT
(per Appendix B)
(000s)

	ARMIS 43-01 row	column	description	1991	1992	1993	1994	1995	1996
A	1040	m	Miscellaneous Revenues	0	0	0	0	0	0
B	1060	m	Uncollectible Revenues	7	0	0	0	0	0
C	1190	k	Total Operating Expenses	6,044	6,099	7,112	8,188	8,746	9,775
D	1190	m	Total Operating Expenses	6,545	6,425	7,462	8,502	9,041	10,136
E	1290	k	Other Operating Income/Loss	3	1	0	2	6	3
F	1390	k	Total Non-Operating Items	38	35	40	49	42	30
G	1490	m	Total Other Taxes	349	538	544	513	485	437
H	1510	k	Fixed Charges	837	769	741	589	570	497
I	1520	k	IRS Income Adjustments	50	30	36	27	53	32
J	1530	k	FCC Taxable Income Adjustments	0	0	0	0	0	0
K	1540	k	ITC Amortization	188	158	143	120	131	89
L	1550	k	FCC ITC Adjustment	0	0	0	0	0	0
M	1910	k	Average Net Investment	22,374	21,784	21,156	21,761	22,122	22,882
N			FIT (((M * .1125) - H - I - J - K - L) * (.35 / .65)) - K - L	642	679	682	831	860	999
O			Ratio Total Operating Expenses (C / D)	0.923453	0.949261	0.953096	0.963068	0.967371	0.964384
P			BFP portion of Miscellaneous Revenues (A * O)	0	0	0	0	0	0
Q			BFP portion of Uncollectible Revenues (B * O)	6	0	0	0	0	0
R			BFP portion of Total Other Taxes (G * O)	322	511	518	494	469	421
S			Revenue Requirement D + R + N + (M * .1125) + Q + P - E + F	9,567	9,773	10,732	12,008	12,600	13,796

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ACTUAL TARIFF YEAR BFP REVENUE REQUIREMENT
(000s)

		Actual Calendar Year BFP Rev. Req. (note 1) A	1st & 2nd Quarters BFP Rev. Req. (note 2) B	3rd & 4th Quarters BFP Rev. Req. (note 2) C	Actual 1st & 2nd Quarters BFP Rev. Req. (note 3) D = B/(B+C)*A	Actual 3rd & 4th Quarters BFP Rev. Req. (note 3) E = C/(B+C)*A
1	1991	9,567	4,761	4,794	4,767	4,800
2	1992	9,773	5,046	4,778	5,020	4,753
3	1993	10,732	5,016	5,754	4,998	5,734
4	1994	12,008	6,103	5,971	6,070	5,938
5	1995	12,600	6,368	6,342	6,313	6,287
6	1996	13,796	7,036	6,962	6,934	6,862
7	1997		7,332		7,332	

8	Actual 1991/1992 Tariff Year BFP	(Line 1, Col. E) + (Line 2, Col. D)	9,820
9	Actual 1992/1993 Tariff Year BFP	(Line 2, Col. E) + (Line 3, Col. D)	9,751
10	Actual 1993/1994 Tariff Year BFP	(Line 3, Col. E) + (Line 4, Col. D)	11,804
11	Actual 1994/1995 Tariff Year BFP	(Line 4, Col. E) + (Line 5, Col. D)	12,251
12	Actual 1995/1996 Tariff Year BFP	(Line 5, Col. E) + (Line 6, Col. D)	13,221
13	Actual 1996/1997 Tariff Year BFP	(Line 6, Col. E) + (Line 7, Col. D)	14,194

Note 1 : Calculated on Exhibit ACT-CAL using formula directed to use in CC Docket 97-149, Appendix B

Note 2 : Revenue requirement from Aliant's actual quarterly cost studies at 11.25% rate of return.

Note 3 : To split the BFP revenue requirement calculated per CC Docket 97-149, Aliant uses the ratio of its actual quarterly cost studies.

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RATE OF RETURN TARIFFS

1991/1992	Base Factor Portion Revenue Requirement	10,014,174
	Projected Average Access Lines In Service	222,654
1992/1993	Base Factor Portion Revenue Requirement	9,736,292
	Projected Average Access Lines In Service	227,359

Note : The revenue requirement was developed by forecasting expenses and capital budget plans. These figures, along with known rule changes, were processed through Part 36 and Part 69 allocation programs to arrive at the Base Factor Portion revenue requirement.

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CALCULATION OF PROJECTED BFP REVENUE REQUIREMENT AND LINES
1993/1994 TARIFF

1	Base Period Interstate BFP RRQ	Cost Studies	9,761,257
2	Base Period SPF Factor	Records	0.258333
3	Base Period Unseparated BFP RRQ	Ln 1 / Ln 2	37,785,560
4	Previous Base Period Interstate BFP RRQ	Cost Studies	9,554,533
5	Previous Base Period SPF Factor	Records	0.266667
6	Previous Base Period Unseparated BFP RRQ	Ln 4 / Ln 5	35,829,454
7	Unseparated BFP RRQ Growth Rate	(Ln 3 / Ln 6) - 1	5.4595%
8	Projected Tariff Year Interstate BFP RRQ	Ln 3 * [(1 + Ln 7) ^ (18 / 12)]	40,921,766
9	Tariff Year SPF Factor	Records	0.250000
10	Projected Tariff Year Interstate BFP RRQ excluding BFP GSF Exogenous Change	Ln 8 * Ln 9	10,230,441
11	BFP GSF Exogenous Change	Exhibit EXG-SUM-GSF of corresponding filing	1,223,398
12	Projected Tariff Year Interstate BFP RRQ	Ln 10 + [Ln 11 * ((1 + Ln 7) ^ (18 / 12))]	11,555,382
13	Average Base Period Lines	Records	223,829
14	Previous Average Base Period Lines	Records	219,057
15	Line Growth	(Ln 13 / Ln 14) - 1	2.1784%
16	Projected Tariff Year Lines	Ln 13 * [(1 + Ln 15) ^ (18 / 12)]	231,183

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CALCULATION OF PROJECTED BFP REVENUE REQUIREMENT AND LINES
1994/1995 TARIFF

1	Base Period Interstate BFP RRQ	Cost Studies	11,482,184
2	Base Period SPF Factor	Records	0.250000
3	Base Period Unseparated BFP RRQ	Ln 1 / Ln 2	45,928,736
4	Previous Base Period Interstate BFP RRQ	Cost Studies	11,120,070
5	Previous Base Period SPF Factor	Records	0.258333
6	Previous Base Period Unseparated BFP RRQ	Ln 4 / Ln 5	43,045,488
7	Unseparated BFP RRQ Growth Rate	(Ln 3 / Ln 6) - 1	6.6981%
8	Projected Tariff Year Interstate BFP RRQ	Ln 3 * [(1 + Ln 7) ^ (18 / 12)]	50,619,725
9	Tariff Year SPF Factor	Records	0.250000
10	Projected Tariff Year Interstate BFP RRQ excluding BFP GSF Exogenous Change	Ln 8 * Ln 9	12,654,931
	--		
11	Average Base Period Lines	Records	230,064
12	Previous Average Base Period Lines	Records	223,829
13	Line Growth	(Ln 11 / Ln 12) - 1	2.7856%
14	Projected Tariff Year Lines	Ln 11 * [(1 + Ln 13) ^ (18 / 12)]	239,744

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CALCULATION OF PROJECTED BFP REVENUE REQUIREMENT AND LINES
1995/1996 TARIFF

1	Base Period Interstate BFP RRQ	Cost Studies	12,074,620
2	Previous Base Period Interstate BFP RRQ	Cost Studies	11,482,184
3	Interstate BFP RRQ Growth Rate	(Ln 1 / Ln 2) - 1	5.1596%
4	Projected Tariff Year Interstate BFP RRQ	Ln 1 * [(1 + Ln 3) ^ (18 / 12)]	13,021,078
	--		
5	Average Base Period Lines	Records	237,005
6	Previous Average Base Period Lines	Records	230,064
7	Line Growth	(Ln 5 / Ln 6) - 1	3.0170%
8	Projected Tariff Year Lines	Ln 5 * [(1 + Ln 7) ^ (18 / 12)]	247,811

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CALCULATION OF PROJECTED BFP REVENUE REQUIREMENT AND LINES
1996/1997 TARIFF

1	Base Period Interstate BFP RRQ	Cost Studies	12,710,251
2	Previous Base Period Interstate BFP RRQ	Cost Studies	12,074,625
3	Interstate BFP RRQ Growth Rate	(Ln 1 / Ln 2) - 1	5.2641%
4	Projected Tariff Year Interstate BFP RRQ	Ln 1 * [(1 + Ln 3) ^ (18 / 12)]	13,726,975
	--		
5	Average Base Period Lines	Records	245,432
6	Previous Average Base Period Lines	Records	237,034
7	Line Growth	(Ln 5 / Ln 6) - 1	3.5430%
8	Projected Tariff Year Lines	Ln 5 * [(1 + Ln 7) ^ (18 / 12)]	258,590

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CALCULATION OF PROJECTED BFP REVENUE REQUIREMENT AND LINES
1997/1998 TARIFF

1	Base Period Interstate BFP RRQ	Cost Studies	13,996,583
2	Previous Base Period Interstate BFP RRQ	Cost Studies	12,710,251
3	Interstate BFP RRQ Growth Rate	(Ln 1 / Ln 2) - 1	10.1204%
4	Projected Tariff Year Interstate BFP RRQ	Ln 1 * [(1 + Ln 3) ^ (18 / 12)]	16,174,239
	--		
5	Average Base Period Lines	Records	256,472
6	Previous Average Base Period Lines	Records	248,496
7	Line Growth	(Ln 5 / Ln 6) - 1	3.2097%
8	Projected Tariff Year Lines	Ln 5 * [(1 + Ln 7) ^ (18 / 12)]	268,919

RRQ-COMP

ALIANT COMMUNICATIONS CO.
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COMPARISON OF ACTUAL AND PROJECTED BFP REVENUE REQUIREMENTS
(000s)

		1991/1992	1992/1993	1993/1994	1994/1995	1995/1996	1996/1997
Actual		9,820	9,751	11,804	12,251	13,221	14,194
Growth over previous actual	%		-0.7%	21.1%	3.8%	7.9%	7.4%
Projected		10,014	9,736	11,555	12,655	13,021	14,049
Growth over previous actual	%		-0.9%	18.5%	7.2%	6.3%	6.3%
Commission's Under-Estimation Test			-0.63%	18.95%	3.41%	7.13%	6.62%
Commission's Over-Estimation Test			-0.77%	23.16%	4.17%	8.71%	8.10%
Pass / Fail Commission's Test ?			Fail	Fail	Fail	Fail	Fail

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EFFECT OF RULES EFFECTIVE ON OR BEFORE DECEMBER 31, 1996
ON BFP REVENUE REQUIREMENTS
(000s)

	SPF Transition	DEM Transition	GSF Reallocation	OB&C 5% Allocation	SERIES I	Account 4310	SERIES II
	A	B	C	D	E	F	G
1991	(568)	17	1,336	0	730	0	730
1992	(229)	7	1,380	0	1,135	0	1,135
1993	0	0	713	0	713	44	758
1994	0	0	0	0	0	123	123
1995	0	0	0	0	0	197	197
1996	0	0	0	0	0	0	0

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ADJUSTED BFP REVENUE REQUIREMENTS
FOR RULES EFFECTIVE ON OR BEFORE DECEMBER 31, 1996
(000s)

	Actual Calendar Year BFP Rev. Req. (note 1) A	Effect of SERIES I Adjustments (note 2) B	SERIES I Adusted BFP Rev. Req. C = A + B	SERIES I $ Change From Prev. Year D	SERIES I % Change From Prev. Year E	Effect of SERIES II Adjustments (note 3) F	SERIES II Adusted BFP Rev. Req. G = A + F	SERIES II $ Change From Prev. Year H	SERIES II % Change From Prev. Year I
1991	9,567	730	10,297			730	10,297		
1992	9,773	1,135	10,908	611	5.93%	1,135	10,908	611	5.93%
1993	10,732	713	11,445	537	4.92%	758	11,490	582	5.34%
1994	12,008	0	12,008	563	4.92%	123	12,131	641	5.58%
1995	12,600	0	12,600	592	4.93%	197	12,797	666	5.49%
1996	13,796	0	13,796	1,196	9.49%	0	13,796	999	7.81%

EXG-PAY

ALIANT COMMUNICATIONS CO.
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Pay Telephone Exogenous Change

Pay Telephone RRQ	Records	310,169
Total Common Line RRQ	Records	13,020,418
Long Term Support Requirement	Records	778,916
Exogenous Factor	Ln 1 / (Ln 2 + Ln 3)	2.2477%
Common Line R Value	Records	12,161,803.85
Pay Telephone Exogenous Change	(-1) * (ln 4 * Ln 5)	(273,362)

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AVR-ACT

AVERAGE BILLABLE ACCESS LINES AND COMPARISON OF ACTUAL TO PROJECTED TOTAL LINES
Data Source: Armis 43-01 Report

Line #	Average Single Line Business A	Average Residence B	Average Multiline Business C	Average Total Billable Lines D=A+B+C	Annual Tariff Filing Projected Lines E	Actual % Chg F	Commission's Lower Limit G=F*.9	Projected % Chg H	Commission's Upper Limit I=F*1.1	Significant Test J (G<H<I)
1 Average 90-91 Tariff Year				216,896						
2 Average 91-92 Tariff Year	7,527	167,536	46,361	221,424	222,654	2.09%	1.88%	2.65%	2.30%	FAIL
3 Average 92-93 Tariff Year	7,653	170,111	49,424	227,187	227,359	2.60%	2.34%	2.68%	2.86%	PASS
4 Average 93-94 Tariff Year	7,911	172,650	52,831	233,392	231,184	2.73%	2.46%	1.76%	3.00%	FAIL
5 Average 94-95 Tariff Year	8,205	176,524	56,946	241,675	239,743	3.55%	3.19%	2.72%	3.90%	FAIL
6 Average 95-96 Tariff Year	8,306	180,091	62,382	250,778	247,811	3.77%	3.39%	2.54%	4.14%	FAIL
7 Average 96-97 Tariff Year	8,358	183,450	69,362	261,171	258,590	4.14%	3.73%	3.12%	4.56%	FAIL

ALIANT COMMUNICATIONS CO.
CC DOCKET NO. 97-149

ACT-PROJ

TREND ANALYSIS OF THE ACTUAL NUMBER OF LINES
SOURCE: ARMIS 43-01 REPORT, TABLE II

Independent Variable	Quarter	Single Line Business	Residence	Multiline Business	Total Actual Billable Lines
	ACTUALS				
1	1st Q 91	7,520	167,455	44,528	219,503
2	2nd Q 91	7,550	166,007	43,656	217,213
3	3rd Q 91	7,546	167,670	46,697	221,913
4	4th Q 91	7,473	167,939	47,144	222,556
5	1st Q 92	7,510	168,536	47,751	223,797
6	2nd Q 92	7,557	167,526	46,559	221,642
7	3rd Q 92	7,576	169,971	49,210	226,757
8	4th Q 92	7,655	170,653	50,152	228,460
9	1st Q 93	7,699	171,682	50,996	230,377
10	2nd Q 93	7,776	170,722	50,202	228,700
11	3rd Q 93	7,833	172,207	52,627	232,667
12	4th Q 93	7,904	172,902	53,517	234,323
13	1st Q 94	7,951	173,993	54,272	236,216
14	2nd Q 94	8,090	173,428	53,537	235,055
15	3rd Q 94	8,147	176,178	56,644	240,969
16	4th Q 94	8,169	177,112	57,419	242,700
17	1st Q 95	8,257	178,057	58,631	244,945
18	2nd Q 95	8,362	177,846	58,500	244,708
19	3rd Q 95	8,366	179,712	60,374	248,452
20	4th Q 95	8,404	180,161	61,162	249,727
21	1st Q 96	8,147	181,133	65,902	255,182
22	2nd Q 96	8,250	181,601	65,971	255,822
23	3rd Q 96	8,266	183,118	68,469	259,853
24	4th Q 96	8,406	183,673	69,903	261,982
25	1st Q 97	8,397	184,309	71,175	263,881
26	2nd Q 97	8,473	184,549	71,294	264,316

REGRESSION OUTPUT:
Note: based on 1991-1996 data only

	Single Line Business	Residence	Multiline Business	Total Actual Billable Lines
Constant	7367.601	164476.8	41537.7	213382.1
X Coefficient	45.30522	772.7957	1056.394	1874.495

PROJECTION
Calculation: Constant + (X Coefficient * Independent Variable)

Independent Variable	Quarter	Single Line Business	Residence	Multiline Business	Total Actual Billable Lines
27	3rd Q 97	8,591	185,342	70,060	263,993
28	4th Q 97	8,636	186,115	71,117	265,868
29	1st Q 98	8,681	186,888	72,173	267,742
30	2nd Q 98	8,727	187,661	73,230	269,617